

Brighton & Hove City Council

Place Overview & Scrutiny Committee

Agenda Item 15

Subject: Short Term Lets Task & Finish Group Scoping Report

Date of meeting: 1st October 2024

Report of: Corporate Director, City Services

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Ward(s) affected: (All Wards);

Key Decision: No

For general release

1. Purpose of the report and policy context

1.1 This report provides information on Short Term Lets which has been gathered in consultation with officers in City Planning and Visit Brighton. It includes a scoping report for the Task & Finish Group (Appendix 1) and draft Terms of Reference (Appendix 2).

2. Recommendations

2.1 Place Overview & Scrutiny Committee agrees to establish a Task & Finish Group to scrutinise the issue of Short Term Lets.

2.2 Place Overview & Scrutiny Committee agrees Terms of Reference, membership and duration of the Task & Finish Group as set out in Appendix 2.

3. Context and background information

3.1 The term “short term let” can encompass a range of activity associated with a dwelling. Some short term lets may be let out for a limited period while the owner themselves go on holiday. Others may be properties that provide for a series of lets for holidays etc. or very short term overnight sleeping accommodation including renting an individual bedroom while the owners are in situ. For the purposes of this task & finish group, STLs can be defined as the “use of a dwellinghouse that is not a sole or main residence for temporary sleeping accommodation for the purpose of holiday, leisure, recreation, business or other travel”.

- 3.2 STLs are a historic feature of tourist areas, but generally present in relatively small numbers. In Brighton & Hove these holiday lets were traditionally mainly clustered in the city centre and near to the seafront. However, recent years have seen the numbers of STLs increase rapidly. Whilst most of this growth in the UK has typically been in coastal towns, national parks and some city centres, there has also been an increase in the number of STLs in suburban areas of tourist towns and cities. The growth of STLs has been driven by the emergence of online companies such as Airbnb and booking.com, by the increased purchase of residential properties as investment opportunities and by recent 'staycation' trends.
- 3.3 The expansion of the STL market has benefits to the local economy. Firstly, while there is an overlap between the market for STLs and that for hotels and B&Bs, some visitors have an active preference for STLs (due to space requirements and affordability) and a thriving STL market can consequently attract additional visitors. Secondly, local hotel and B&B capacity may not always be sufficient to cope with demand, and having an active STL market may be key in making certain events viable. In Brighton & Hove, given the limited number of city centre development sites, it may not be a simple matter to expand hotel provision even if there is demand for additional places, so the STL market may have a particularly important role to play in maintaining and expanding the city visitor economy. Thirdly, having an accommodation market that includes STLs can be good for visitors in that competition helps cap accommodation prices. Restricting or banning STLs could result in appreciably higher hotel room costs, due to there being less accommodation available for visitors to stay, particularly at times of high demand. Fourthly, periodically renting out some or all of their home provides income to people living in the city.
- 3.4 However, there are also potential negative impacts of a large STL sector:
- **Housing Supply.** The more permanent, commercially run STLs there are in an area, the fewer properties are available for sale or for long term rent, so a large STL market can potentially have a negative impact on housing supply and prices. This will be a particular issue in areas that already experience high demand for housing and where housing affordability is an issue.
 - **Planning.** Currently in England, short term lets are classified as a residential use (C3 Use Class), meaning generally planning permission is not required for a change of use unless there has been a material change of use that can be evidenced and this is assessed case by case. The previous government had proposed making changes to planning law that would have created a new Short Term Lets use class (C5 Use Class) which could help local authorities manage new short term lets. However, these planned changes were not enacted. The current government has indicated that it recognises issues with STLs and is minded to act, and the council has lobbied the current government to bring forward changes to planning and a registration scheme. (see below).
 - **Nuisance.** The traditional STL sector was largely aimed at families. Many families still use STLs, and whilst the market had expanded into providing accommodation for stag and hen parties etc. at the time of the last scrutiny review, the majority of STLs are 1-2 bedroom properties. This, coupled with

the growth of an STL market in residential (and typically quieter) areas, means that there can be considerable nuisance problems – noise nuisance, anti-social behaviour, pressure on limited parking, rubbish left out incorrectly etc. Even with steps taken by providers to ban parties and when the occupants of STLs are considerate neighbours, there can still be a negative impact on settled communities of having a constant flow of strangers, particularly in residential blocks. Concerns have also been raised about the change in character in areas with high proportions of STLs in certain streets. As these properties are not 100% occupancy it does have an impact on the overall character of an area.

- **Safety.** All homes being used by multiple people need to meet fire safety standards, but there is currently no licensing regime for STLs, so it is unclear whether all STL owners follow the correct safety procedures.
- **Council Tax/Business Rates.** Given the lack of an STL licensing regime, it is unclear how many STLs there are, and consequently unclear whether all STL owners are paying the correct levels of business rates or council tax. The council is introducing a second home premium which may have an impact on the number of short term lets in the city and the preferential tax treatment is due to be abolished.
- **Impact on visitor economy.** To the degree that hotels and B&Bs are in direct competition with STLs, it is sometimes perceived that this is not fair competition, as STLs may not currently have to meet the same regulatory standards as other forms of visitor accommodation. There may also be concerns that STL owners do not currently play the same active role in planning and supporting local visitor economies as do hoteliers and B&B owners. The presence of STLs may serve to reduce hotel and B&B prices as there is price competition across the sector. This is likely to be a positive for visitors, but less so for the hotel and B&B trade.
- **Waste.** Properties operating as businesses must use commercial rather than domestic waste services. However, enforcement of this can be difficult if it is unclear whether a property is being used as a family home or as an STL.

3.5 **National and International Background.**

The recent growth in STLs has been noted with concern in tourist cities across the world, with some places, including Barcelona, Amsterdam, Berlin and New York taking measures to ban or restrict STLs. Measures range from an almost total ban on STLs (Barcelona, New York), to limits on the number of nights in a year that a property can be rented for (Berlin, Amsterdam).

- 3.6 This is a UK problem too, and Scotland and Wales both use statutory powers to restrict STLs. However, these powers are not necessarily applicable to English local authorities. In London, amended existing powers allow homeowners to rent out their properties for up to 90 nights per year without planning permission. London Boroughs have expressed frustrations at the ability to enforce this 90 day limit.

3.7 The previous Conservative Government announced plans to pass legislation to give councils in England powers to manage STLs, including a new use Short Term Let Use Class, permitted development rights and a national mandatory registration scheme. However, these changes were not enacted before the July 2024 General Election.

3.8 **Local Background.**

Issues relating to STL have long been a concern for the city council. In 2013 a member-led Scrutiny Panel was formed to look at ‘party houses’ – STLs catering specifically to large groups of people such as stag and hen parties. In 2019 following deputations and notice of motion, council officers were tasked with ensuring a coordinated approach using existing powers to respond to resident complaints (5 March 2020 TECC Report).

3.9 Shortly after the July 2024 General Election, Cllr Gill Williams, Cabinet Member for Housing & New Homes, wrote to the Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government, requesting that the Government:

- a. Introduce a statutory licensing scheme for all STLs which requires safety standard compliance
- b. Amend planning regulations to introduce a new class for STLs
- c. Amend national planning policy to provide devolved powers to local authorities to control the number of permitted licences granted in areas of pressure.

3.10 There has also been a recent Council Notice of Motion on STLs. The approved NoM resolved to:

Request a report on the saturation of short-term lets within the city and prepare an options paper of policy recommendations for Cabinet which will mitigate their impact on our communities alongside outlining what the Council can do to prepare for planning powers so an Article 4 Direction (A4D) can be implemented. Suggested areas the report may cover include:

- a. Identifying suitable area(s) within the city that the A4D should apply to;
- b. Beginning to collate the evidence needed to show why the A4D is necessary for these areas, including the required public consultation;
- c. Outlining how the Council can effectively enforce the A4D, should people not seek the proper permission for short-term lets.
- d. Outlining how the Council can work with the tourism industry to promote sustainable visitor accommodation provision, including via the Greater Brighton Economic Board.
- e. Exploring avenues that could support the adoption of a registration scheme for short-term rental provision, as is set out in the Levelling up and Regeneration Act 2023.

3.11 Rather than taking a report directly to Cabinet as agreed in the 2024 Notice of Motion, it is proposed that the STL Task & Finish Group will explore the issues detailed in the NoM recommendations, and will include reference to

these in its report. As the Task & Finish group report, once it has been agreed by Place O&S committee, will be referred to Cabinet, this will ensure that Cabinet receives a report as required by the NoM resolution.

3.12 Local Data

There is a lack of a single robust source of data. There are an estimated 4-5,000 STLs in Brighton & Hove. As there is no registration of STLs this figure is only an estimate. This represents a very significant increase in recent years: the 'party houses' Scrutiny Panel was informed that there were only around 500 STLs of any kind in operation in 2013. In 2018 the council's Visitor Accommodation Update Study estimated there were c.3,000 STLs in the city.

3.13 Task & Finish Group Scoping Report and Terms of Reference

More information on STLs is included in the Task & Finish Group scoping report (Appendix 1), including suggested areas of enquiry and witnesses. The draft Task & Finish Group Terms of Reference (Appendix 2) include suggested membership and duration of the Group.

4. Analysis and consideration of alternative options

- 4.1 Members are free to amend the details of the Terms of Reference if they wish to pursue alternative options.

5. Community engagement and consultation

- 5.1 This has not been considered at this stage but the Task & Finish Group will ensure that appropriate consultation and engagement with the local community will take place as part of future work in this area.

6. Financial implications

- 6.1 There are no expected financial implications associated with the establishment and operation of the member task and finish group as it is anticipated that any costs associated with their operation will be managed within the existing revenue budgets of each respective service area within the City Services Directorate.

Name of finance officer consulted: John Lack, Principal Accountant
Date consulted: 12/09/24

7. Legal implications

- 7.1 The Council's Constitution provides for Overview and Scrutiny Committees to establish a Task & Finish Group to undertake in-depth reviews, with a proviso that such groups should complete their work within 6 months. The Legal Implications of any recommendations from the Task & Finish Group will need to be incorporated into the final report."

Name of lawyer consulted: Elizabeth Culbert Date consulted: 20/09/24

8. Equalities implications

- 8.1 Members may wish to consider the impact of STLs on the housing market potentially reducing the number of homes available to those on lower incomes. More vulnerable or disadvantaged people may not be able to afford rooms in HMOs (Houses of Multiple Occupancies) due to STLs pushing up rent prices in the local area as demand for housing increases.

9. Sustainability implications

- 9.1 Members may wish to consider the impacts of STLs on the environment, such as waste management and increased carbon emissions. There may be an increase in visitors driving rather than using public transport, particularly in less central areas, which will increase air pollution.

10. Health and Wellbeing Implications:

- 10.1 Members may wish to consider the impacts of STLs on the health and wellbeing on the local community, such as noise nuisance, anti-social behaviour and having a constant flow of strangers in their immediate area. This has the potential to affect local resident's quiet enjoyment of their community, which may affect their wellbeing.

11. Conclusion

- 11.1 The Place Overview & Scrutiny Committee is being asked to establish a Task & Finish Group to scrutinise the issue of Short Term Lets and to agree the Terms of Reference and membership of the group taking on this work.

Supporting Documentation

1. Appendices

Appendix 1: Scoping report on Short Term Lets

Appendix 2: Draft Terms of Reference for Task & Finish Group

2. Background documents

1. Scrutiny Panel Report on Short-Term Holiday Lets (Party Houses) 2014
<https://www.brighton-hove.gov.uk/council-and-democracy/councillors-and-committees/scrutiny-review-panel-short-term-holiday>
2. 5 March 2022 TECC report Regulation of Short Term Lets : [Subject: \(brighton-hove.gov.uk\)](#)

